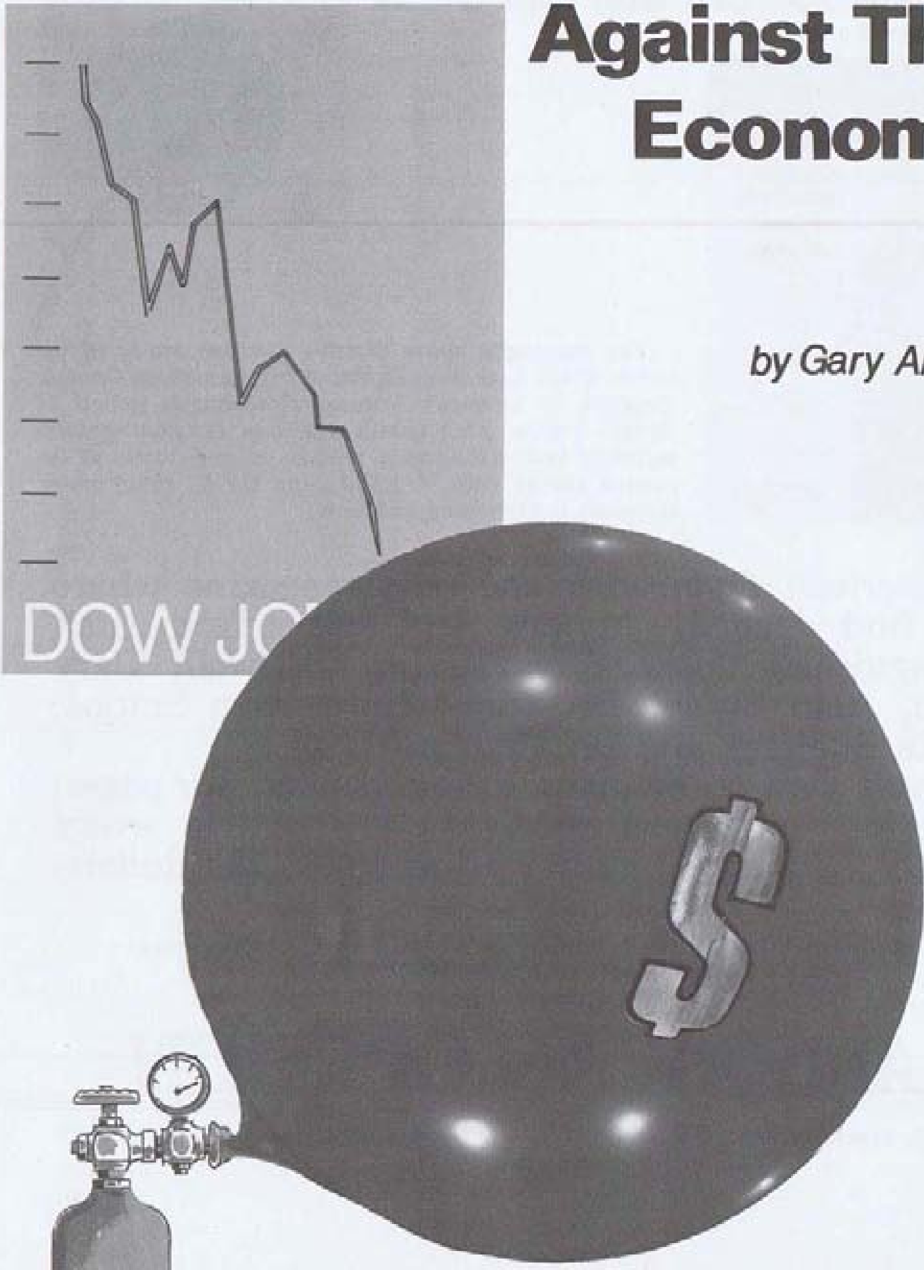
Thirty Cents

BANKRUPTCY

The Conspiracy Against The Economy

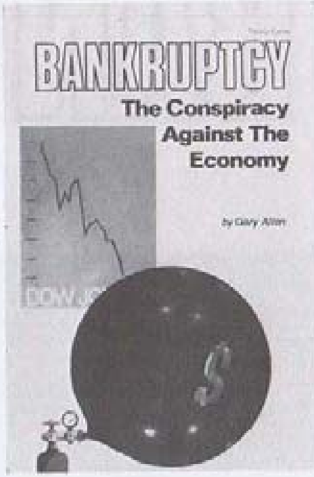


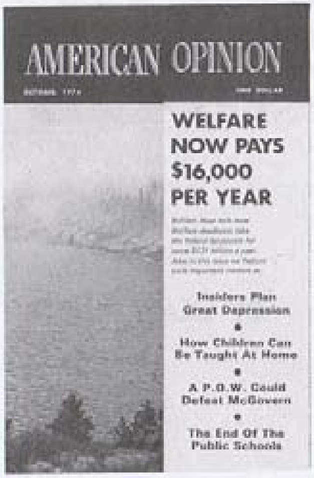
by Gary Allen

About this article...

Bankruptcy: The Conspiracy Against The Economy by Gary Allen, which documents how financial *Insiders* are creating conditions for another depression, originally appeared in the October, 1974 issue of *American Opinion* magazine.

Additional copies of this copyrighted article are available at the following prices: Less than 100, five for one dollar; 100-499, sixteen cents each; 500-999, fourteen cents each; 1,000 or more, twelve cents each.





The paragraphs above describe just one article of the scores which have been reprinted from *American Opinion* magazine — America's foremost Conservative journal of current events. Each month *American Opinion* contains accurate, behind-the-scenes reports on such topics as the created energy crisis, O.S.H.A., the E.P.A., rising prices, shortages and rationing, and more.

American Opinion is the only magazine where you find exclusive reports and essays from such distinguished authors as Taylor Caldwell, Gary Allen, Alan Stang, Dr. Susan Huck, Dan Smoot, Lillian Boehme, and Dr. Medford Evans.

Don't wait to be given a reprint from our pages; subscribe now and receive every article every month. A one-year subscription is just ten dollars.

Subscriptions and reprints may be ordered from your nearest AMERICAN OPINION BOOKSTORE or directly from

AMERICAN OPINION

Belmont, Massachusetts 02178 San Marino, California 91108

BANKRUPTCY

The Conspiracy Against The Economy

Gary Allen, *a graduate of Stanford University, is the author of several best-selling books, including* Communist Revolution In The Streets; Nixon's Palace Guard; None Dare Call It Conspiracy; *and,* Richard Nixon: The Man Behind The Mask, *the definitive study of the ambition and conspiratorial activities of our recent President. Mr. Allen, a former instructor of history and English, is active in numerous humanitarian, anti-Communist, and business enterprises. A film writer, author, and journalist, he is a Contributing Editor to* AMERICAN OPINION.

■ ACCORDING to a Gallup Poll released August 18, 1974, sixty-eight percent of the American people believe that the economic situation in our country will grow worse over the next six months. The same poll reported that "half of all the nation's adults go so far as to predict another depression such as that in the 1930s." Forty-four percent of Americans say the federal government is chiefly to blame, twenty-three percent have bought the line that "the public" is to blame, thirteen percent fault business, and another thirteen percent blame it all on labor.

What's happening is that at last the Keynesian pronouncements are beginning to pale as continuing federal intrusion into the economy creates a serious crisis of confidence. It is a crisis which has now reached the point where the ranks of professional doomsayers are receiving notice even in the Establishment press. *Newsweek* identifies a few of them in an article for July 29, 1974, called "Meet The New Jeremiahs." There is Harry Browne, author of the best-selling book *You Can Profit From A Monetary Crisis.* According to *Newsweek*, Mr. Browne lives in a home worth two hundred thousand dollars in the mountains overlooking Vancouver, British Columbia, and has stocked his wilderness retreat with a year's supply of food and other essentials. Two hundred thousand dollars isn't peanuts. Browne has proved that prophets can, indeed, make profits on panic. So has Harry Schultz.

Schultz is author of *The International Harry Schultz Letter*, an economic newsletter which analyzes and predicts the future of commodities and markets. He maintains offices in Holland, Switzerland, and Great Britain, charging one thousand dollars per hour for consultation. Predicting a major monetary disaster, Schultz is moving out of his 150-year-old Georgian house in London, leaving fashionable neighbors like Mary Quant, David Frost, and Ava Gardner, and moving to Holland. He says he favors Amsterdam's secret accounts.

Another of *Newsweek's* "New Jeremiahs" is doomsayer James Dines, also publisher of a market letter, who is planning to move to Switzerland to avoid the crunch. Dines is quoted as predicting "a huge market shakeout followed by a massive collapse of pension funds, bank and utility failures, and the social security system will go bust."

Normally none of the Establishment's "experts" would give two rubles for the "predictions" of these bizarre Free Market advisors. "But," as *Newsweek* put it, "lately, several 'respectable' economists have come to regard current economic

events with a similar, if not quite so simplistic, sense of alarm. 'The danger that the economy may get out of hand is greater than at any time in my career,' says an economist for a prestigious Wall Street firm who was around during the depressed '30s. And Henry Kaufman, highly regarded chief economist for [*the international banking firm of*] Salomon Brothers, tends to agree. 'We are not living in normal times,' Kaufman told Newsweek's Pamela Abraham, and the U.S. may be moving head-on into some kind of economic and financial collapse."

It is one thing for the Free Market "advisors" and Establishment "experts" to rant and moan about the future of the dollar. But with two-digit inflation, serious shortages, and the look the Arabs gave us at the consequences of international economic warfare over energy, middle America is now also concerned and is, indeed, on the verge of panic.

The problem, rooted in the spinning out of a runaway inflation, through the Federal Revenue System, has been purposely generated by the *Insiders* of international banking who created that central banking system some sixty years ago to insure their personal control of our economy. The Federal Reserve Act was passed on December 22, 1913, the result of a conspiracy involving such giants of international banking as the Morgans, the Warburgs, the Kahns, the Shiffs . . . and of course the Rockefellers.*

Well aware of what was happening, Conservative Senator Henry Cabot Lodge Sr. declared that the Act made possible an ultimate flood of "irredeemable paper currency." After the vote, Representative Charles A. Lindbergh Sr. told the Congress: "This act establishes the most gigantic trust on earth . . . . When the President signs this act the invisible government by the money power, proven to exist by the Money Trust investigation, will be legalized . . . . The new law will create inflation whenever the trusts want inflation . . . ." And, said the senior Lindbergh, "From now on depression will be scientifically created."

The game was to use the central bank to whipsaw the economy between inflation and deflation, creating vast profits for the international bankers running the show. Once securely in control, the banking *Insiders* set out to make a major killing. Between 1923 and 1929, the Federal Reserve expanded (inflated) our money supply by sixty-two percent. Much of this was used to bid the price of stocks to dizzying heights from which the *Insiders* took enormous profits.

The House Hearings on Stabilization of the Purchasing Power of the Dollar disclosed evidence in 1928 that the Federal Reserve Board was working closely with the heads of European central banks in inflating our currency. The Committee warned that a major crash had been planned in 1927 at a secret luncheon of the Federal Reserve Board and heads of the European central banks. The House Committee warned that the international bankers would soon tighten the noose.

Montagu Norman, governor of the Bank of England, came to Washington on February 6, 1929, to confer with Secretary of the Treasury Andrew Mellon. The *Wall Street Journal* described Mr. Norman as "the currency dictator of Europe." In *Tragedy And Hope*, Professor Carroll Quigley notes that Norman, a close confidant of J.P. Morgan, admitted: "I hold the hegemony of the world." Immediately after this mysterious visit, the Federal Reserve Board reversed its easy-money policy and began raising the discount rate. The balloon which had been inflated constantly for nearly seven years was about to be exploded on purpose.

On October twenty-fourth, the feathers hit the fan. Writing in the *United States' Unresolved Monetary And Political Problems*, William Bryan describes what happened:

*For 140 pages of details, see my book, *None Dare Call It Conspiracy*, Concord Press, 1972.

> *When everything was ready, the New York financiers started calling 24-hour broker call loans. This meant that the stock brokers and the customers had to dump their stock on the market in order to pay the loans. This naturally collapsed the stock market and brought a banking collapse all over the country because the banks not owned by the oligarchy were heavily involved in broker call loans at this time, and bank runs soon exhausted their coin and currency and they had to close. The Federal Reserve System would not come to their aid, although they were instructed under the law to maintain an elastic currency.*

The investing public, including most stock brokers and bankers, took a horrendous blow in the crash, but not the *Insiders.* They were either out of the market or had sold "short" so that they made enormous profits as the Dow Jones plummeted. For those who knew the score, a comment by international banker Paul Warburg of the Federal Reserve Board had provided the warning to sell. That signal came on March 9, 1929, when the *Financial Chronical* quoted Warburg as follows:

> *If orgies of unrestricted speculation are permitted to spread too far . . . the ultimate collapse is certain . . . to bring about a general depression involving the whole country.*

The great operators were later able to buy back their stocks at a ninety percent discount from the former highs, maintaining ownership while counting a capital take that left the nation exhausted in Depression for over a decade. It was Depression in which the Gross National Product dropped by fifty percent and twenty-five percent of American workers were unemployed. Many lost all they had.

To think that the scientifically engineered Crash of 1929 was an accident or the result of stupidity defies all logic. The international bankers who promoted the inflationary policies and pushed the propaganda which pumped up the stock market represented too many generations of accumulated expertise to have blundered into The Great Depression. As Congressman Louis McFadden, Chairman of the House Banking and Currency Committee, commented:

> *It* [the Depression] *was not accidental. It was a carefully contrived occurrence . . . . The international bankers sought to bring about a condition of despair here so that they might emerge as the rulers of us all.*

It was the game of boom and bust, using economic crisis to consolidate political power at the top where it can be most easily controlled. But Americans *did* not understand and they *do* not understand. Most still look on the stock market crash as the cause of The Great Depression. And, as Harvey W. Peters has observed in *America's Coming Bankruptcy*: "This lack of understanding has prevented most Americans from noting the similarity between the boom of the 1920's and the boom of more recent vintage that has been causing the American dollar to lose its value. A more accurate picture of the 1920's requires one to acknowledge that the entire American economy at that time had been inflated to balloonlike proportions. The economy was ready to collapse at any time that a sharp object (*i.e.*, a serious depressant) would be inserted in the balloon."

Herbert Hoover cited as the cause of the economic collapse the deliberately created credit inflation by the Federal Reserve – which had in six years inflated the money supply by sixty-two percent,

inducing market speculation and unwise investments by middle Americans who were being set up for a shearing. When the shearing came the sheep panicked, took a realistic look at their economy, and optimism was replaced with economic despair and a willingness to accept a serious expansion of government controls over their lives. Tightening the noose, the conspirators at the Federal Reserve arranged to reduce the money supply by thirty-three percent between 1929 and 1933.

As Lindley H. Clark Jr. observed in the *Wall Street Journal* of September 3, 1974, "Sure, other factors *contributed* to the debacle, but an intelligent performance by the Fed could have offset them .... But neither the climate of opinion nor external financial pressures nor lack of power explains why the Federal Reserve acted as it did. None of them can explain why an active, vigorous, self-confident policy in the 1920s was followed by a passive, defensive, hesitant policy from 1929 to 1933 ...."

The explanation is clear enough, however. And that explanation is conspiracy.

By 1932 the Great Inflation of the Twenties had been turned into the Great Depression of the Thirties, and with the election of Franklin Roosevelt in 1932 the banking *Insiders* moved to consolidate their control of our money by arranging to call in gold lest it be used to hedge against any future massive expansion of the money supply by the Federal Reserve. This resulted in the Presidential Executive Order of April 5, 1933, requiring all Americans to take their gold bullion, gold coins, and gold-backed currency to their banks and exchange them for currency that was not redeemable in the precious metal. The banks, in turn, were required to deliver the gold and gold coins to the Federal Reserve Bank. The way was now clear for a decades-long inflationary looting of the economy to pay for a gradual centralization of power through which the United States could be most easily controlled by the powerful men behind the scenes – powerful men who realize that dictatorship is the ultimate monopoly.

And so, for decades, with each new gust of hot air from the Federal Reserve the money supply was increased to pay for wars, to "ease" recessions, to finance vast foreign giveaways, and to build a larger and larger central bureaucracy controlling our economy and every feature of our lives. The balloon was blown larger and larger and larger. It has now grown to the point where the National Debt of the United States is some eighty-seven billion dollars more than the combined public debt of all other nations of the world – and interest on it, alone, is the third largest expense in the federal Budget. It is a Debt which has been funded by the Federal Reserve with a corresponding increase in the money supply as the printing presses have been made to roll faster than a hot fox in a pepper patch.

As we entered the Sixties and government control began to reach more and more into every home and business, the escalation of inflation was increased by massive amounts. The National City Bank of New York reports that in the years from 1962 to 1972 – with the Federal Reserve doubling the money supply – the American dollar lost twenty-eight percent of its purchasing power. Step one was vast deficit spending to increase the power and authority of government; step two was the funding of the resultant Debt by the Federal Reserve with fiat currency and credit. This meant massive inflation. Economist Henry Hazlitt, writing in *Human Events* for July 29, 1974, measures this inflation in terms of deficit spending. "Let us remind ourselves what these unconscionable increases in expenditures have been," he declares. "Total spending in the current Fiscal Year is estimated at the fantastic sum of $304 billion. This is $29 billion more than in the fiscal year 1974, $57 billion more than in 1973, $72 billion more than in 1972, $125 billion

more than in 1968, and $186 billion more than in 1965. It is more than triple the spending of 1961."

This massive increase in government borrowing and spending was designed to take money away from the "private" sector of our economy, where it would have been invested in capital equipment to increase production, and pump it to the "public" sector where it was burned up in wars and giveaways that have returned nothing but heartache and misery. As a result, our Gross National Product has declined for two consecutive quarters. This is a shorthand definition of "recession." The "G.N.P. Report" indicates that prices were at the same time soaring at an annual rate of 12.3 percent from January to March and 9.6 percent from April to June. Mr. A.W. Clausen, president of the Bank of America, was quoted as follows in the *Sacramento Bee* for May 22, 1974:

> *The horror of inflation can be put in the simplest terms: If inflation continues at the present rate, the dollar will be worth 54 cents five years from now, and 29 cents in 10 years. In another 19 years, today's dollar will be worth a dime.*

But the spending continues. And more spending means more Debt. And more Debt means more currency inflation by the Federal Reserve. At the same time, greater government spending also means greater centralization of economic and political power in the hands of the Establishment *Insiders* who are running our federal government. Which is what the game is all about. Even retiring Senator George D. Aiken of Vermont, a practicing "Liberal," admits to the collectivist surge produced by this spending: "The trend is toward what we used to call socialism," he said in a recent interview. "Communities are more and more dependent on the states, and the states are more and more dependent on the federal government. Paradoxically, under a supposedly 'conservative' Republican Administration the leftward swing has been most rapid in the last five years."

The cost of all this to the average American is staggering. An American earning a gross of $13,000 a year, with a wife and two children, paid $3,623 in direct federal taxes in 1973. At least thirty-eight percent of that went to Social Security and Welfare. Less than thirty percent went for Defense, and almost ten percent went for interest on the National Debt. These three items alone eat up almost eighty cents of every tax dollar the federal government takes from our pay.

The cost to the average American can also be measured by the increase in bankruptcies. In New York City the number of bankruptcies has doubled since last year. In Chicago, there were 3,037 cases filed in the first four months of this year – up about twenty-five percent. In San Francisco, the bankruptcy court estimates its caseload has risen thirty to fifty percent in a year. Los Angeles failures were up more than 12 percent above last year, with 5,367 bankruptcies filed between January first and the end of April.

All of this is to say that the people of America are being caught between the jaws of a vise by collectivist conspirators who have used the Debt features of the Federal Reserve to finance a vast federal attack on independent enterprise. Spearheading the attack are such new agencies as the Occupational Safety and Health Administration, the Environmental Protection Agency, the Consumer Product Safety Commission, and the scores of already-existing bureaucracies which have been expanded to spend billions more to harass and control us, choking us with inflation while they suffocate us with counter-productive regulation.

As Tom Rose of the *Santa Ana Register* has indicated: "Americans are being subjected to a sophisticated type of mod-

ern warfare that they don't understand. And because they don't understand, they continue to lose one important battle after another. When they finally lose enough battles, the war will be lost, and the American people will have forfeited their freedom through ignorance."

The effects of this warfare can now be seen everywhere in the business community. In the three weeks preceding August 24, 1974, the Dow Jones industrial averages plunged downward 114 points as more than twice as many stocks declined as rose on the New York Stock Exchange. The number of individual shareholders, after increasing steadily for twenty years, has decreased by 1.6 million in the last two years. The so-called little guy now accounts for less than thirty percent of Big Board trading. Daniel Gardiner of the Wall Street firm of Blyth-Eastman-Dillon summed it up this way: "It's a mess. There are no buyers. The market is just drying up. There is just no confidence." John C. Whitehead, chairman of the governing council of the Securities Industry Association, declared in July:

> *In a period of severe and unprecedented capital demands, the nation's capital-raising machinery is gradually dissolving. This could foreshadow the end of the free enterprise system as we know it. After all, that system depends on broad public ownership. If you get the impression that I'm alarmed, you're right. I am alarmed.*

David T. Kleinman, a specialist in international finance at New York's Fordham University, expresses his alarm this way in an interview with *Forbes* magazine for August 15, 1974:

> *The energy crisis reduced consumption all over the world by roughly $100 billion. People spent more for gasoline and the energy components of necessities and so had less to spend on other things. Not only was that money cut off from consumption and investment capital, but in addition, it was exported, creating serious balance-of-payments deficits. . . . I think there could be a very drastic depression, yes.*

Are such fears justified? Consider these facts: In 1973, alone, thirty-three major brokerage houses were absorbed by others while seventy-three closed up shop. Through April of this year, six more were absorbed and sixteen called it quits. Robert H.B. Baldwin of Morgan Stanley and Company told *Newsweek* of September 9, 1974, that if conditions don't improve soon he expects "between 100 and 200 [*more*] firms will go out of business." Last year the member firms of the New York Stock Exchange lost forty-nine million dollars, and they have lost another fifty-eight million dollars in the first six months of this year. Since January of 1973, three hundred billion dollars have been knocked off the market value of securities on the New York Stock Exchange.

The squeeze being applied is incredible. Heavy government borrowing and high Treasury rates have reduced the amount of capital available to private business, choking their ability to modernize and expand. When they can't raise money even in the stock market, businesses are driven into the hands of the *Insiders* of the banking establishment who decide which shall survive and which fail.

Typical of those having trouble are discount department stores. In the past eighteen months, at least nine chains operating more than three hundred discount units in different parts of the United States have been forced into bankruptcy. Some are trying to reorgan-

ize to keep going, but nearly one hundred of those three hundred stores have been shut down permanently.

Among the larger corporations, financial reports leave little doubt that the debt structure upon which most of the world's economies have been brought to rest is in danger of collapse if current trends continue with the momentum presently indicated. Westinghouse Electric Corporation has had to borrow one-half billion dollars to stabilize its position; Firestone Tire & Rubber was required to deposit ten million dollars in Switzerland with Bank Firestone to maintain the bank's liquidity; Schick lost $1,957,000 in the second quarter of 1974, and has had to borrow forty-one million dollars for its current fiscal year; Cinerama, facing a maturing debt of eighteen million dollars, announced that its business life depended on being granted a repayment extension; Pan American Airways petitioned the government on August 23, 1974, for an emergency subsidy of ten million dollars a month just to keep its planes flying; and, the Aluminum Company of America has announced it will have to discontinue production of household Alcoa Wrap products by the end of the year because of "a metal shortage and capital shortage."

In Europe the situation is even more shaky, with central bank inflation blowing up the balloon in anticipation of a bust that could sink the West whenever the *Insiders* of international finance give the signal. Treasury Secretary William Simon has just given assurances to jittery European governments that the United States will for the time being prevent any serious liquidity shortage in the international banking system. To do this he is keeping the printing presses hot and using credits to inflate the balloon that is *our* economy toward the boom that is bust. For Italy is already as good as bankrupt, Britain and Portugal are not far from it, and France and Spain are perhaps a year or so away. *Forbes* reports that standards of living are even now falling in Europe.

In London the stock market is at a fifteen-year low. As I write, prices have fallen more than ten percent in the past two weeks alone, wiping some 7.2 billion off the valuations of leading companies. Talk by leaders of the Labor Government of nationalizing industry has added to the uncertainty there. "No fewer than 30 London financial institutions are currently in difficulty," reports *Barron's* financial weekly. There will be little or nothing left for shareholders of the banks that are going under in what is termed "the biggest banking bust since the Thirties."

Ripples of the London shakeout are spreading. American Agricultural Insurance, of Chicago, looks to have lost twenty-two million dollars by guaranteeing sight drafts issued by a London City fringe bank now in process of liquidation. The Philadelphia National Bank has had to rescue Western Credit, a partly owned British fringe bank, by offering to buy all the outstanding shares. The money crisis is spreading throughout cash-hungry British business. Bankruptcies there last year set a record, and it's one that is not likely to last long.

Most critics lay a part of the blame for the world's current economic woes on the "energy crisis." Certainly few would argue that the increase in the price of oil and the problems created in "recycling" the oil profits has helped to trigger the present crisis. And the *Wall Street Journal* of August 15, 1974, indicated: "The reflow of oil money directly into the U.S. may be picking up steam. The Federal Reserve Bank of New York disclosed yesterday that it 'may be in the position in the near future' to invest customers' funds in short-term loans backed by U.S. government securities outright but the exact amount isn't known."

During 1974, according to Robert O. Blomquist, senior vice president of Chase Manhattan Bank, sixty billion dollars will flow to the oil-producing countries. The

developed countries alone will as a result incur deficits this year of thirty-eight billion dollars, plus another twenty-two billion dollars for less developed consuming countries. In return, close to twenty billion dollars entered the money market from the oil-producing countries during the first few months of this year. Until now, said Blomquist of Chase, the great bulk of these funds *has been placed with a handful of major world banks* on a very short-term basis. Direct investments in special issues of Treasury securities of some nations are currently under discussion, as are talks about arrangements with the U.S.-supported World Bank and International Monetary Fund, Blomquist says. But the situation has forced the great part of the recycling to be done by commercial banks in the international money markets. "The burden falls most heavily on a handful of the largest banks, particularly dollar and sterling-based ones," which will decide which governments to prop up, which to let fall into bankruptcy, and when.

So, while the businesses of Free Enterprise are increasingly suffocated from high interest rates and tight money, the recycling of the oil billions is being carefully channeled into government securities and "selected investments" by a handful of international bankers with their hands around our throats. Quite a cute game! But notice the language used by Chase's Blomquist, who refers to "the burden" of investing all that oil money. As George Wallace might quip: "Even the cab drivers know that isn't so!"

This game is vicious. While the Shah of Iran was offering Guido Carli, governor of the Bank of Italy, a job as president of an international bank that would invest his oil billions, the Shah's bank was at the same time borrowing from foreigners. *Barron's* of July 22, 1974, revealed how "the Industrial Mining & Development Bank of Iran reported that it was increasingly in debt to foreigners. Its long-term loans from abroad rose 50% in 1973-74, and it even got a $75 million loan from the World Bank."

So first the Bank of Iran gets a low-interest loan from the World Bank (all nicely subsidized by the American taxpayers) and then it arranges with the international bankers to invest its oil billions in our National Debt at much higher interest rates. Great work, if you can get it. And the *Insiders* of international banking are the ones who decide who gets it. In another instance, Robert McNamara's minions are borrowing five hundred million dollars from oil-rich Venezuela at eight percent interest so they can loan money to oil-rich Iran at a lower World Bank rate, the difference being subsidized by the U.S. taxpayers. The *Wall Street Journal* of August 15, 1974, tells us:

> *The loan agreement was signed in Caracas by World Bank President Robert S. McNamara and Venezuelan officials, the international agency said. The borrowing is part of Mr. McNamara's continuing efforts to recycle funds from the major oil-exporting countries through the World Bank into loans to developing countries in Latin Ameria, Asia and Africa.*

It is nothing of the sort. It is in fact a sweetheart deal arranged by the *Insiders* of international banking for the *Insiders* of Big Oil at our expense. And in order to add frosting to the cake, Venezuela and Kuwait, two of the world's top petroleum producers, announced August 22, 1974, that they are cutting back production to dry up "excess supply" and maintain high prices for crude oil. You pay the bill twice.

American Conservatives would do well to remember that "the action is in the reaction." First, the problem of oil dependency was created by Establishment *Insiders*, most assuredly including the Rockefellers, who financed massive ecol-

ogy propaganda to slow our Alaska production and block our off-shore drilling; then the solution (always more government control over the private sector of our economy) was put forward as our only hope in the face of shortages, and huge profits were arranged for the Establishment *Insiders* as the rest of us have been moved closer and closer to bankruptcy. As always the movement of wealth flows away from the competitive Free Enterprise system and into the hands of the international monopolists and "finance capitalists" at the top who have been managing the game. It's a fun game . . . if you happen to be a manager!

The team of "managers," of course, included the Federal Reserve Board. And for years their major objective has been to inflate the balloon bigger and bigger. According to the *Wall Street Journal* of September 3, 1974:

> *Just as the Federal Reserve had a large hand in the disaster of the early 1930s, so has it been heavily responsible for the inflationary crisis of 1974 by permitting an excessive expansion of the money supply in recent years. And just as the Fed tried to blame 1929-33 on factors beyond its control, so now it blames most of the inflation on factors such as the higher oil prices and crop failures.*

But as Darryl R. Francis, president of the Federal Reserve Bank of St. Louis, admitted on May 22, 1974, "the growth of the money supply has been the primary cause of the acceleration in the average rate of inflation." In a speech in Minneapolis he revealed that "in the decade 1962-1972, the amount of money in circulation more than doubled – to $525 billion." The agency in the United States in charge of increasing the amount of money in circulation, as Francis well knows, is the Federal Reserve.

Yet, even now, the Federal Reserve does not control *all* banking in the United States. It is trying very hard to remedy that situation. Representative Wright Patman, Chairman of the House Banking and Currency Committee, was quoted in *Barron's* for February 25, 1974, concerning the "Reserve Requirements Act of 1974." Expressing his opposition to this legislation, Patman declared:

> *Mr. Speaker, today the Federal Reserve System announced still another grab for power. This giant bureaucracy now seeks to . . . control directly the reserves of virtually every bank in the nation regardless of whether or not (they) are members of the Federal Reserve. Mr. Speaker, this new power . . . amounts to little more than that uncontrollable bureaucratic urge to control more and more from the marble palace in Washington. It also would be a direct challenge to the dual banking system and would greatly reduce the power of state banking authorities and independence of the nation's small banks.*

As a result, *Barron's* reports, billions of dollars' worth of earning assets, currently on deposit with big-city correspondent banks, would be shifted to the Fed, where, under the peculiar rules of the game, they would earn their owners nothing. A power grab of such dimensions is so outrageous that one would expect a national scandal. Yet, as Representative Patman told the Oklahoma State Home Builders Association on July 22, 1974:

> *The Federal Reserve System operates under a blanket of press protection to the public's detriment. Underneath this blanket of press protection, the Federal Reserve continues to make monumental mistakes, mistakes which clobber your industry and the general public.*

Frankly, we think Wright Patman knows that he is not talking about "mistakes" at all but a conspiracy of vast proportions in which the international bankers who run the Federal Reserve are leading participants.

And it *is* an international game.

Barron's of March 4, 1974, reported the consequence of these boom-bust tactics in West Germany, where the "Social Democrat party, noisily backed by its youth federation, called for the nationalization of investor-owned banks .... State-owned credit institutions, which do about 40% of West Germany's banking business, last year racked up shocking losses. Several lost their entire capital and, had it not been for government help, would have gone under .... the worst year in German finance since World War II. It was a year that saw massive bankruptcies, a spectacular series of realty development failures and the collapse of several private banks."

In the United States the "day of the bust" has also arrived as the giant balloon begins to fall. *Barron's* for April 1, 1974, observes: "As the collapse of the billion-dollar United States National Bank in San Diego demonstrated last October, bank failures are getting bigger .... *FDIC now has 156 banks on its 'problem list.'* ... This includes 29 serious problem ones."

The San Diego bank was not alone. The *Wall Street Journal* for August 9, 1974, reports: "Serious discussions are continuing among major New York banks, troubled Franklin National Bank, and federal banking authorities regarding a possible merger involving Franklin. ... It seems that everyone inside and outside of government feels that merger is the best way to handle Franklin .... The New York banks recently have expressed increased interest in acquiring Franklin."

Qualified observers insist that failure of one or more big banks could trigger a succession of bank failures all around the world. And many of them believe that conditions are now ripe for that sort of economic disaster. Among banking and business concerns, a growing liquidity crisis is now paramount. Liquidity crisis, should you be in doubt, means a shortage of immediately available funds needed to meet obligations. Financial and investment advisor Walter Lynch cites this as the basic cause of bank losses by the five-billion-dollar Franklin National Bank in New York, Herstatt Bank in Cologne, the Westdeutsche Landesbank, and the giant Union Bank of Switzerland.

How does one go about producing a "liquidity crisis" in the United States? Myron Simons suggests in *Forbes* for August 1, 1974, that the government has through the Federal Reserve increased the interest rate on borrowing money to the point that money previously invested in the stock market is leaving for the higher profits of investment banking or Federal Reserve securities. He says:

> *The result is that we are switching from a system based on equity to one that will be super-heavy in short-term debt .... it (the Federal Reserve) has handed us a first-class liquidity crisis that for the first time since the Great Depression threatens the banks themselves. ... For years its forecasts have been almost 100% off course, and its planning has been secretive and inept.*

"Secretive," yes; "inept," no. These boys know exactly what they are doing. Consequences of their policy were recorded by the *Wall Street Journal* for August 8, 1974:

> *With large numbers of small investors continuing to take advantage of higher interest rates in short-term securities, the state's savings banks suffered their worst monthly net outflow of funds last month, marking the fourth consec-*

utive monthly net outflow this year. . . . Ira O. Scott, Jr., executive vice president of the Savings Bank Association of New York State, said, "It appears that the leadership of the Federal Reserve Board and the Treasury isn't greatly concerned about the competitive position of thrift institutions.

An understatement, to say the least. The United States has moved into a situation in which a handful of banks are to decide which industries and companies get capital – which survive and which fail. And it doesn't take a wizard to know that "he who pays the piper, calls the tune."

A few weeks ago, music lover David Rockefeller was crying in alarm: "The commercial banking system cannot go on indefinitely doing this." If so, why was he busy at the same time draining American-generated credit into foreign lands? The wire services reported on May 22, 1973, that David Rockefeller, chairman of Chase Manhattan Bank of New York and the Establishment *Insiders'* Council on Foreign Relations, had just opened the first American banking office in the Soviet Union in more than fifty years. In March of that year, Chase signed the first major credit arrangement between a private international bank and the Soviet Union – an eighty-six million dollar deal to finance the Kama River truck foundry. On July 16, 1973, Associated Press reported:

David Rockefeller, just back from opening financial doors to China, has worked banking miracles in globe-girdling missions the last six months . . . . returning from Peking as the accredited representative of the Bank of China in the United States, Rockefeller was pleased with his success . . . . In January, Rockefeller toured Hungary, Yugoslavia, Romania and Poland, cementing banking relationships in the satellite countries.

And, the Miracle Man from Chase is continuing to provide us with miracles which are draining American credit abroad. In May of this year the tax-supported Export-Import Bank granted its largest credit ever to the Soviet Union, a $180 million low-interest loan to help finance a mammoth fertilizer-manufacturing complex. In addition, the Ex-Im Bank reported that the loan would be matched by an equal-sized loan from international bankers in the United States to aid the Soviets in buying up our fertilizer plants, chemical storage facilities, railroad tank cars, and material for a 1,200-mile pipeline to the Black Sea. That is $360 million in American credits that will be unavailable to U.S. industry, but which as claims against our economy will blow the balloon bigger and bigger even as they loot our industrial capacity.

Such "miracles" are flowing like gall and vinegar. Congressman John Rarick declared on July 17, 1974:

Mr. Speaker, with U.S. banks already in Moscow and Peking, it comes as no shock to learn that four U.S. banks have now opened in Cairo, Egypt. Perhaps this is the banking community's answer to inflation – draining American-generated credit to foreign lands . . . . The move means that the world's three largest banks – Bank of America, First City and Chase – will have investment and operational windows on Egypt's once tightly socialistic economy . . . .

So, while the Rockefellers and their *Insider* friends are holding a tight money policy at home, creating economic havoc in the Free Enterprise system, they have been busy opening up lines of credit to the socialist and Communist countries of the world, drawing away the much-

needed credit from American industry in the midst of a liquidity crisis that threatens to bring down the economy.

Few people are in a better position than David Rockefeller to know the causes of our economic problems at home, and to provide the leadership to do something about them. But when David has not been off propping up the economies of our Communist enemies he has been at home encouraging panic in America. The following is from a U.P.I. release of August 5, 1974, three days before Richard Nixon was forced to resign as President and fifteen days before David Rockefeller's brother Nelson was named to be Vice President of the United States. Consider:

> *Chase Manhattan Bank President David Rockefeller believes that the American economic situation is so uncertain "that one shouldn't discard the possibility of a panic."*
>
> *"I'm not an alarmist and I don't feel like an alarmist," Rockefeller was quoted as saying. But he added that "the situation is uncertain enough so that one shouldn't discard the possibility of a panic."*

Chicken Little might be expected to say a thing like that, but when the boss Rockefeller of a billion-dollar family fortune makes such a statement in an economic survey from Chase Manhattan the consequences are frightening. Either that was some sort of tip to *Insiders* in the manner of Paul Warburg's warning of 1929 that the crunch was about to be triggered, or David Rockefeller had pulled out all of the stops in an effort to keep the game moving toward disaster.

How large is the Rockefeller financial empire and how much larger is it striving to become? According to a United Press release of January 7, 1974:

> *A Senate report says a handful of New York "Superbanks" and other financial institutions hold enough stock in competing corporations to dominate entire industries.*
>
> *For example, it found the Chase Manhattan Bank was the biggest stockholder in 1972 in 20 major corporations. Chase Manhattan held more than five percent of the stocks of four airlines and six railroads and was a substantial stockholder in the firms which run the three major broadcasting networks as well as 25 other broadcasting companies.*

When you figure that we are just talking about Rockefeller *banking* interests, and not considering Rockefeller oil and land holdings, one begins to understand what we mean by the power of such *Insiders* as the Rockefellers. And they have peers. United Press continues:

> *The study, "Disclosure of Corporate Ownership," was issued Sunday by the Senate Subcommittee on Intergovernmental Relations and Subcommittee on Budgeting, Management and Expenditures. It looked into the stock holdings of 28 big institutional investors, each with at least $5 billion and with combined investments of more than $300 billion, which is more than the U.S. government spends in a year. The banks held their stocks under other names in "nominee" or "street name" accounts . . . . Directors of the banks often were directors of firms in which the banks hold stock.*

The study revealed that the holdings of four of those banks (including Chase Manhattan) in Burlington Northern, the giant energy and transportation conglomerate, amounted to one-fourth of the stock voted at the company's annual meeting in 1972. Further, it found that Chase Manhattan, Bankers Trust, and

Bank of New York, together, had voting rights of almost one-fourth of the stock in the Columbia Broadcasting System and the American Broadcasting System. And Chase Manhattan had an additional 4.5 percent stock holding in R.C.A. Corporation, parent of the National Broadcasting Company. Talk about *Insiders* controlling the mass media!

The same banks, with Chase Manhattan topping the list, are also preeminent in electric utilities. "Chase Manhattan appeared among the top 10 security holders of 42 utilities, using four different nominee names," the Report stated.

Just how much does it take to control an industry's activities? The Report of the Senate Subcommittee answers that question in these words:

> *Control of a small block of stock in a widely held company by a single or few like-minded financial institutions provides them with disproportionately large powers within the company. The House Banking and Currency Subcommittee on Domestic Finance, in its 1968 study . . . considered a 5% or larger holding of one class of stock significant in judging the potential influence of a bank trust department's stockholding in a particular corporation . . . . Even 1 or 2% of stock in a publicly held corporation can gain tremendous influence over a company's policies and operations.*

The Subcommittee cites the danger of such concentration of power:

> *. . . neither the Congress, nor the commissions, nor the executive branch can fully evaluate the total effect of concentration – the impact of the several levers of corporate control exercised by banks and other major investors throughout the industry groups and the economy as a whole.*
>
> *Meanwhile, the portfolio companies in which* a few banks have substantial influence *make many decisions affecting public policy. Oil companies deal with foreign nations regarding oil supply and cost. Pipeline companies deal with the Soviet Union for natural gas. Utilities exercise the right of eminent domain. Milling companies and the Soviet Union arrange grain sales which sharply affect domestic price, supply, transportation, and storage . . . .*

Which only begins to scratch the surface of *Insider* control of our national economy. The problem is: What can be done about it? With control of our vastly powerful electronic media in the hands of the Rockefellers and their friends – as Richard Nixon was so recently reminded – the chances that President Ford will refuse to do as he is told are as slim as a rat on an oil barge. Nelson Rockefeller, his handpicked Vice Presidential choice, is of course David Rockefeller's brother and a member of the executive board of the Establishment *Insiders'* Council on Foreign Relations, chaired by Brother David. The admitted goal of the C.F.R. is merger of the United States into a system of World Government – what Henry Kissinger calls the New World Order. World planning, you see, is the objective. World Government is the ultimate monopoly.

Secretary of State Henry Kissinger, who is now so aggressively moving us toward the New World Order, first served David Rockefeller on the staff of the C.F.R. for a decade and then served Nelson Rockefeller as his chief advisor on national security affairs. Henry Kissinger's new wife, Nancy Maginnes Kissinger, is now serving in his place as Nelson Rockefeller's chief foreign policy expert. She is Nelson's other Kissinger. *Ladies*

Home Journal for June 1974 concluded: "It is not inconceivable that should Rockefeller become President in 1976, Nancy would follow in Henry's footsteps as Secretary of State." And, by the way, Henry Kissinger serves with Nelson Rockefeller as a member of the executive board of David Rockefeller's Council on Foreign Relations.

Nor is it comforting that Gerald Ford, Nelson and David Rockefeller, and Henry Kissinger are all members of the Bilderberg Group – a super-secret conspiracy of world planners and Establishment *Insiders* from the Royal-Dutch Shell, Rothschild, and Chase Manhattan-Exxon cartels who meet periodically around the world under armed guard to oversee the manipulation of international developments. European correspondent Hilaire du Berrier reported in *The Review Of The News* for September 4, 1974:

> *The May 1973 Bilderberg meeting outside Stockholm was held to make plans for dealing with an Arab oil crisis which the Bilderbergers knew was in the offing – a crisis that was not to hit the West for five months. Though contingency plans were made at that meeting, the people of the countries to be victimized were never advised of what was coming until it was too late to protect themselves . . . .*
>
> *The April 1974 meeting in Megève was not without its secrets too . . . . Meeting under the cloak of strengthening relations between Europe and the United States, the conspirators were in fact there to be informed that there would be a transfer of power in Washington. David Rockefeller was there to represent the financial empire of the family. Nelson Rockefeller was there as the recognized future Vice President of the United States.*
>
> *While "peace through* détente *with Russia" is a keystone of Bilderberg policy, the April 1974 meeting was convened mainly to inform the Atlanticists that the transfer of power in Washington would . . . bring America a step closer to membership in an Atlantic federation.*

We do not pretend to be swamis entrusted by Vishnu with the ability to see behind walls. But our best guess at what is happening is that the *coup d'état* which forced out both our elected President and Vice President, replacing them with two unelected members of the conspiratorial Bilderberg Group, one of them a member of an *Insider* family with holdings in the billions, is a move by Establishment *Insiders* to secure their political base and ensure their certain political control before pulling the plug on the economies of the West as in 1929. It was an incredibly bold move, risking exposure of the entire game. And in our opinion it was too much, too soon – leaving the entire *Insider* Conspiracy at last vulnerable to a general *and possibly fatal* exposure.

The game plan may now call for maneuvering Nelson Rockefeller into the White House in 1976. In which case the planned economic catastrophe, and an overt crisis-borne move toward Atlantic Union, the Great Merger, and the New World Order, will be contained for a time as further groundwork is laid by the *Insiders* of this Conspiracy which means to rule the world. The advantage to those of us who love our country is that this gives *us* time. Time to expose the *Insiders* and their Conspiracy. Time to prevent the planned bankruptcy. Time to save ourselves and the liberty of our children. Let us do all we can, and do it *now!* ■ ■